

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

<p>In re:</p> <p>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</p> <p>as representative of</p> <p>THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i></p> <p>Debtors.¹</p>	<p>PROMESA Title III</p> <p>No. 17 BK 3283-LTS</p> <p>(Jointly Administered)</p>
<p>In re:</p> <p>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</p> <p>as representative of</p> <p>PUERTO RICO ELECTRIC POWER AUTHORITY,</p> <p>Debtor.</p>	<p>PROMESA Title III</p> <p>No. 17 BK 4780-LTS</p> <p>Re: ECF Nos. 2862, 2866, and 2867</p>
<p>In re:</p> <p>THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO,</p> <p>as representative of</p>	

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico ("Commonwealth") (Bankruptcy Case No. 17-BK-3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

PUERTO RICO ELECTRIC POWER
AUTHORITY,

Movant.

v.

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS, *et al.*,

Respondents.

**OMNIBUS REPLY OF FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD IN SUPPORT OF MOTION TO EXTEND
MEDIATION TERMINATION DATE AND RELATED PATH FORWARD DEADLINE**

To The Honorable United States District Court Judge Laura Taylor Swain:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”), as Title III representative of the Puerto Rico Electric Power Authority (“PREPA” or the “Debtor”) in this Title III case pursuant to section 315(b) of the *Puerto Rico Oversight, Management and Economic Stability Act* (“PROMESA”),² respectfully submits this reply (the “Reply”) to (i) the *Joint Limited Objection to: (A) Urgent Motion of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline* [ECF No. 2866]³ (the “Union Objection”) filed jointly by Unión de Trabajadores de la Industria Eléctrica y Riego, Inc. (“UTIER”) and Sistema de Retiro de Empleados de la Autoridad de Energía Eléctrica (“SREAEE”) and (ii) the *Limited Omnibus Objection of Official Committee of Unsecured Creditors to (A) Urgent Motion of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline and (B) Mediation Team’s Notice and Request for Approval of Second Extension of Termination Date of Mediation*

² PROMESA is codified at 48 U.S.C §§ 2101–2241.

³ Unless otherwise specified herein, references to the docket shall refer to Case No. 17-4780.

[ECF No. 2867] (the “UCC Objection,” and together with the Union Objection, the “Objections”) filed by the Official Committee of Unsecured Creditors (the “UCC,” and together with UTIER and SREAAE, the “Objectors”) and in support of the *Urgent Motion of Financial Oversight and Management Board for Order Extending Mediation Termination Date and Related Path Forward Deadline* [ECF No. 2862] (the “Urgent Motion”).⁴ In support of this Reply, the Oversight Board represents as follows:

REPLY

1. Under the guidance and direction of the Mediation Team, the Mediation Parties have engaged in numerous mediation sessions focused on resolving certain critical issues necessary for any potential fully consensual plan of adjustment to be attained. Notably, the Mediation Team sought extension of the Termination Date for an additional month via the Second Extension Motion. *See* ECF No. 2860. The Oversight Board likewise believes an extension of the Path Forward Deadline for an additional month would be beneficial to provide the Mediation Parties more time to conduct mediation without litigation and hopefully make progress that would lead to a consensual plan to end PREPA’s Title III case quicker than if litigation were to commence immediately, distracting the Mediation Parties from their attempts to come to a meeting of the minds while causing PREPA to incur significant additional costs. Steadily-decreasing liquidity remains a significant issue for the utility.

2. The Oversight Board understands the Objectors’ desire to pivot to obtaining direction from this Court on the principal legal issues while continuing mediation. Some of the issues to be litigated are already articulated on the record through the lien challenge adversary

⁴ Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Urgent Motion.

proceeding and other issues were discussed in mediation. Thus, negotiations can already take these issues into account. The Oversight Board previously represented “[t]o the extent, however, a consensual plan is not formulated or no material progress is made over the next month, it may well be best to mediate and litigate simultaneously—but that time is not yet upon us.” *See* ECF No. 2826. The Oversight Board believes that is still the case. As the Court knows, the issues have immense consequences for all stakeholders and all residents of Puerto Rico. That the prior extension was not long enough to determine if any consensus can be reached does not mean the effort is not worthwhile.

3. UTIER and SREAEE additionally raise the concern that they have not been party to any mediation sessions to date. While the Oversight Board contests that representation of their involvement, the Oversight Board is committed to negotiating with all of its most important stakeholders, which include PREPA’s unions and retirement system, which is materially underfunded. The Oversight Board confirms it will engage in discussions with these parties in coordination with the Mediation Team.

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4. For these reasons, and for those set forth in the Urgent Motion, the Oversight Board submits the Objections should be overruled and the relief requested in the Urgent Motion should be granted.

Dated: June 27, 2022
San Juan, Puerto Rico

Respectfully submitted,

/s/ Martin J. Bienenstock
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CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/ Hermann D. Bauer
Hermann D. Bauer